

SECTION 3: FINANCIAL SERVICES

Using Efficient Disbursement Mechanisms

Closing Imprest Funds

With credit cards, ATM's, Travelers Checks and other alternative payment mechanisms, DOT found ways to eliminate the need for most of its imprest funds. These funds had large idle cash balances, employed scarce FM personnel, and were time consuming "wait-in-line" operations for customers. When this initiative started in FY 1995, DOT had 608 imprest funds which held over \$6.3 million outside of Treasury accruing over \$350,000 in annual interest cost. DOT closed 547 imprest funds and reduced by \$3.8 million the amount of cash held outside Treasury, resulting in annual interest savings of approximately \$200,000. Waivers from closure were granted to four OA field offices and 57 USCG ships to assure operational objectives can still be accomplished. The USCG ships will minimize ships' imprest fund balances when they are in their home port for extended periods.

Target for Completion: FY 1997

Electronic Funds Transfer

The Debt Collection Improvement Act of 1996 (DCIA 96) requires electronic funds transfer of all new payments after July 25, 1996 and *all* payments after January 1, 1999. DOT OA's met the first requirement and established milestones

for meeting the FY 1999 target. We are making good progress! As of September 30, 1996, 82.9 percent of all payments are EFT.

In the Federal Government Direct

Deposit/EFT program for employee payments, DOT's participation rate is 94.1 percent as of the same date. To make enrollment in this program easier, DOT created a one-stop sign up program for new employees for direct deposit of their payments, e.g., salary and travel reimbursements, etc.

Target for Completion: FY 1999

DOT's main focus on improving financial services is to engage the FM customer in a more active and accountable way, to streamline and automate processes to simplify and ensure user friendly access to systems and services, and to improve timeliness and efficiency of services.

Payment Performance Highlights

	FY 1995		FY 1996	
	Number of Transactions	% of Total	Number of Transactions	% of Total
EFT Payments	2,903,684	73.3	2,911,000	82.9
Prompt Payments	998,941	88.9	795,658	92
Interest Penalties	70,473	6.3	40,820	4.7

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Governmentwide Small Purchase Credit Card Program

DOT continues to take advantage of the Governmentwide Small Purchase Credit Card Program (IMPAC card) as a cost effective and efficient means of acquiring products and services. This speeds up delivery---days rather than weeks or months---and saves \$54 per transaction in administrative costs compared to processing paper based purchase orders.

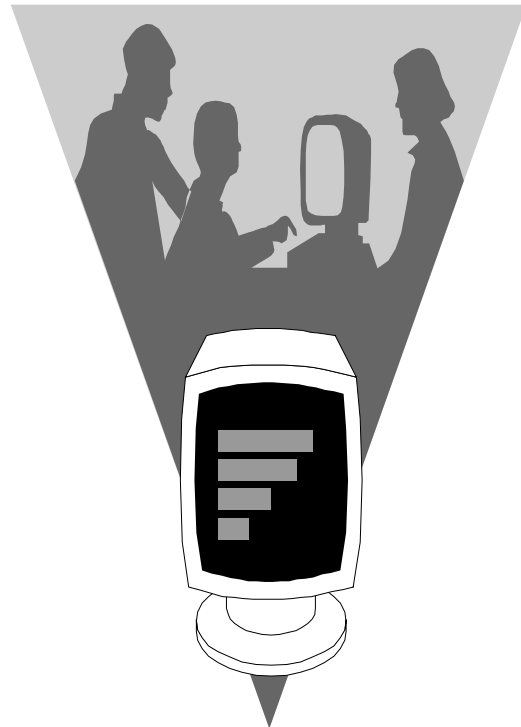
Use of the card, mostly for purchases under \$2500, at the present time, helped significantly in DOT's ability to close imprest funds since a significant number of imprest fund transactions were previously for small purchases. Progress this past year is significant. From July 1996 to July, 1997 DOT increased the number of credit card transactions from approximately 352,000 totaling \$110 million to approximately 451,000 totaling \$157 million. More importantly, this level of activity for July 1996 to July 1997 represents an administrative savings of about \$24.4 million over use of paper based purchase orders. For value added efficiencies to the program, USCG is cross servicing payment processing for FTA, FHWA, OST and BTS.

Electronic Grants Management

Electronic Signature Billing

With a focus on customer service, FHWA continues to implement Electronic Signatures (ELSig) for their Current Billing System used to reimburse State DOTs approximately \$20 billion each year. Currently, 48 states have implemented ELSig; the two remaining states are in various stages of testing the product. This process permits the states to bill FHWA in a truly paperless environment. Additionally, the use of

ELSig facilitates same day payment, enabling FHWA and the states to minimize the potential for interest payments under the Cash Management Improvement Act.



The FHWA Current Billing System is being revised to automatically edit the amounts being billed for each project against the available project agreement. At the present time, this check is being performed as a post audit. When overpayments occur, an error listing is generated requiring the state to provide a credit, generally within 30 days. Automating the process will virtually eliminate overpayments and reconciliation efforts, saving both FHWA and the States staff time.

Electronic Grant Making and Management (EGMM)

FTA continues improvement efforts to allow all routine grant business with FTA to be conducted electronically. Graphical User Interface applications for EGMM functions are scheduled to be operational for FY 1998. These functions will

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will only pay for services received and save money by avoiding extra transactions. In addition, DOT will pay bonuses to the travel service provider based upon achieved travel savings. Savings can be achieved by managing many types of services (frequent flyer programs, negotiated hotel rates, etc.) while maintaining and improving high quality of services. The new contract will be implemented in FY 1998.

Cross-Servicing Activities

DOT is engaged in a number of financial management cross-servicing arrangements, some are within DOT and cover both departmentwide activities and multiple organizational activities, while others are between DOT and other Departments.

Target for Completion: FY 1998

DOT Financial Management Cross-Servicing Activities		
Service Provider	Activity	Service Receiver*
FAA	Accounting Operations	OIG, RSPA, NHTSA
FAA	Payroll (Civilian) Systems	Departmentwide (except STB), NTSB
FAA	Time and Attendance Operations	Departmentwide, NTSB
FAA	Cash Management Operations	Departmentwide
FAA	Financial Systems Operations/Maintenance	Departmentwide
FAA	Permanent Change of Station Processing	Departmentwide (except USCG and part of FHWA processing)
FTA	Accounting Operations	TASC, OST, BTS, STB
FTA	Grants Payments	FAA
MARAD	Fed-Wire Payment Processing	FHWA
TASC	Personnel Management Information	Departmentwide, NTSB
TASC	IT Procurement Mechanism	Governmentwide
TASC	Time and Attendance System Management	Departmentwide
USCG	Credit Card Payments	OST, FHWA, BTS, DOD

* Excludes SLSDC